

Message Text

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PAGE 01 TEL AV 03767 090455Z

20

ACTION NEA-16

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 DODE-00 PA-04 USIA-15 PRS-01 PM-07

SAM-01 SAJ-01 DRC-01 /166 W
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P 081501Z JUL 74

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC PRIORITY 3041

LIMITED OFFICIAL USE TEL AVIV 3767

E O 11652: N/A

TAGS EFIN, OVIP (SIMON, WILLIAM),

SUBJECT: RECENT BALANCE OF PAYMENTS TRENDS

REF: TEL AVIV 3527

1. FOLLOWING IS LATEST AVAILABLE INFO ON KEY ITEMS OF
BALANCE OF PAYMENTS. IT MAY BE USEFUL AS BACKGROUND FOR SECRETARY
SIMON'S VISIT.

2. MERCHANDISE TRADE: IMPORTS DURING FIRST FIVE MONTHS OF 1974
MOUNTED TO DOLS 1589 MILLION AS AGAINST DOLS 1141 MILLION LAST
YEAR. EPORTS WERE DOLS 719 MILLION AS AGAINST DOLS 594
MILLION. THIS DETERIORATION FROM 1973 LEVEL IS LESS THAN EXPECTED,
MAINLY BECAUSE OF GOOD SHOWING ON EXPORT SIDE.

3. IN RECENT PRESS CONF, DIRECTOR GENERAL OF MINISTRY OF
COMMERCE AND INDUSTRY (MANDELBAUM) SAID THAT EXPORTS THIS YEAR
SHOULD EXCEED FORECAST BY ALMOST DOLS 250 MILLION, MAINLY
ON ACCOUNT OF HIGHER WORLD PRICES FOR POTASH, PHOSPHATES, AND
PESTICIDES. (DIAMONDS WOULD EARN DOLS 600 MILLION INSTEAD OF
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PAGE 02 TEL AV 03767 090455Z

DOLS 500 MILLION FORECAST IN NATIONAL BUDGET, WHILE OTHER

INDUSTRIAL EXPORTS WOULD REACH DOLS 900 MILLION INSTEAD OF DOLS 765 MILLION.) AT SAME TIME, IMPORT PRICES FOR RAW MATERIALS HAD BEEN SOFTENING, AND AS RESULT IMPORT WOULD PROBABLY BE DOLS 100- DOLS 300 MILLION BELOW FORECAST FOR YEAR. INTERPRETING TRADE STATISTICS FOR FIRST FIVE MONTHS, MANDELBAUM ARGUED THAT IMPORTS HAD DECLINED ABOUT 5 PERCENT IN CONSTANT PRICES. TERMS OF TRADE HAD DETERIORATED FOR ISRAEL DURING 1972-73, BUT WERE IMPROVING DURING 1974.

4. TOURISM. FORECAST OF TOURIST EARNINGS HAS BEEN REDUCED FROM DOLS 300 MILLION IN NATIONAL BUDGET TO DOLS 240 MILLION. DIRECTOR GENERAL OF MINISTRY OF TOURISM (GIVTON) ATTRIBUTED THIS TO (A) SECURITY PROBLEMS AND (B) UNREALISTIC EXCHANGE RATE FOR ISRAEL POUND.

5. FOR DATA ON CAPITAL FLOW SEE REFTEL.
VELIOTES

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Message Attributes

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